

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

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Federal Communications Commission  
Office of Secretary

In the Matter of

Federal-State Joint Board on Universal Service

South Bend Metronet, Inc., Centennial Randolph  
Cellular, LLC, Mega Comm, LLC and Centennial  
Cellular Tri-State Operating Partnership

Petition for FCC Agreement in Redefining the  
Service Areas of Tri-County Telephone Company,  
Inc., Hancock Rural Telephone Corp., CenturyTel  
of Central Indiana, Inc., Smithville Telephone  
Company, Inc., and Northwestern Indiana  
Telephone Company, Inc.

CC Docket No. 96-45

**PETITION FOR FCC AGREEMENT IN REDEFINING THE SERVICE  
AREAS OF TRI-COUNTY TELEPHONE COMPANY, HANCOCK RURAL  
TELEPHONE CORP., CENTURYTEL OF CENTRAL INDIANA, INC.,  
SMITHVILLE TELEPHONE COMPANY, INC., AND NORTHWESTERN  
INDIANA TELEPHONE COMPANY, INC.**

**INTRODUCTION**

Pursuant to Section 214(e)(5) of the Communications Act of 1934, as amended ("Act"), 47 U.S.C. § 214(e)(5), and 47 C.F.R. § 54.207, South Bend Metronet, Inc., Centennial Randolph Cellular, LLC, Mega Comm LLC, and Centennial Cellular Tri-State Operating Partnership ("collectively "Centennial") petition the Federal Communications Commission ("Commission") for redefinition of the service areas of Tri-County Telephone Company, Hancock Rural Telephone Corp., CenturyTel of Central Indiana, Inc., Smithville Telephone Company, Inc., and Northwestern Indiana Telephone Company, Inc. (collectively "Indiana RLECs"). The Indiana RLECs are rural telephone companies that have been designated by the Indiana Utility Regulatory Commission (the "Indiana Commission") as eligible telecommunications carriers ("ETCs"). The Indiana Commission

recently designated Centennial as an ETC for specific wire centers in Indiana, including certain wire centers that are served by the Indiana RLECs.<sup>1</sup> Centennial is a commercial mobile radio service (“CMRS”) provider and holds FCC licenses for non-wireline cellular service markets encompassing thirty-seven (37) counties in Indiana (“Centennial’s Indiana Service Area”). The Indiana RLECs provide wireline telecommunications service within Centennial’s Indiana Service Area, as well as in areas that are outside the scope of Centennial’s Indiana Service Area.<sup>2</sup> Because Centennial is not authorized under its FCC licenses to serve the entirety of the Indiana RLECs’ service areas as currently defined, Centennial sought (as part of its application for ETC designation) approval from the Indiana Commission to redefine the service areas of the Indiana RLECs on a wire center basis. The Indiana Commission granted Centennial’s request, subject to securing this Commission’s approval.<sup>3</sup> This petition seeks Commission agreement with the Indiana Commission’s approval of the redefinition of the service areas of the Indiana RLECs.

**1. The Act Specifically Anticipates Redefinition of Rural ILECs’ Service Areas.**

Pursuant to Section 214(e) of the Act, state commissions generally have authority to designate carriers that satisfy the requirements of the federal universal service rules as ETCs and to define their service areas. 47 U.S.C. § 214(e). The service area of a rural incumbent local exchange company (“ILEC”) is by default defined as its study area. The Act explicitly contemplates, however, that the service areas of rural ILECs may be redefined and sets forth a process whereby a competitive

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<sup>1</sup> *In the Matter of Centennial Cellular Tri-State Operating Partnership; Centennial Randolph Cellular LLC; Centennial Elkhart Metronet Inc. Mega Comm LLC; Michiana Metronet, Inc.; and South Bend Metronet, Inc. Application for Designation as Eligible Telecommunications Carrier Pursuant to Section 214(e)(6) of the Communications Act of 1934*, Cause No. 41052-ETC-46, dated December 15, 2004 (“Indiana Commission Centennial ETC Ruling”). A copy of this ruling and Centennial’s Revised Exhibit E are attached as Exhibit A.

<sup>2</sup> See Exhibit B.

<sup>3</sup> *Indiana Commission Centennial ETC Ruling* at 33.

ETC may be designated for a service area that differs from that of the rural ILEC provided that the rural ILEC's service area is redefined. Specifically, Section 214(e) (5) of the Act provides:

In the case of an area served by a rural telephone company, 'service area' means such company's 'study area' unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.

47 U.S.C. § 214(e) (5).

The Commission and the Federal-State Joint Board on Universal Service ("Joint Board") have recognized that a strict rule requiring a competitive ETC to serve a rural ILEC's entire study area would preclude certain competitive carriers that otherwise fully satisfy ETC requirements from bringing the benefits of competition to consumers throughout the competitive carrier's service territory.<sup>4</sup>

**2. Centennial's Indiana Service Area Does Not Correlate with the Indiana RLECs' Service Areas.**

Centennial provides wireless telecommunication services in designated areas of the state of Indiana, pursuant to licenses issued by the Commission. These areas are known as Indiana Rural Service Areas ("RSAs") 1-4, the Fort Wayne MSA, the Kokomo MSA, the South Bend MSA, and the Elkhart-Goshen MSA Fort Wayne MSA. As set forth in attached Exhibit B, eight of the wire centers served by the Indiana RLECs (Colfax, Markleville, Kempton, Brookston, Sharpsville, Demotte, Mount Ayr and Roselawn) are located within Centennial's Indiana Service Area. The Indiana Commission granted ETC designation to Centennial for these wire centers, contingent upon the Commission's approval of the redefinition of the Indiana RLEC's service area.<sup>5</sup> As set forth in

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<sup>4</sup> *In Re Agreement with Designation of Rural Company Eligible Telecommunications Carrier Service Areas and for Approval of the Use of Disaggregation of Study Areas for the Purpose of Distributing Portable Federal Universal Service Support*, Memorandum Opinion and Order, 15 FCC Rcd 9921 (FCC rel. Sept. 9, 1999).

<sup>5</sup> *Indiana Commission Centennial ETC Ruling* at 23.

Exhibit B, the Indiana RLECs also serve wire centers that are located *outside* of Centennial's Indiana Service Area, where Centennial is not authorized to provide service. Unless the Commission agrees with Indiana Commission's proposal to redefine the Indiana RLEC service areas on a wire center basis, Centennial will be precluded from receiving high-cost support for the wire centers within its Indiana Service Area, where it has fully satisfied the requirements for ETC designation.

**3. Redefinition of the Indiana RLECs' Service Areas is Consistent with Federal Universal Service Policy and the Commission's Rules.**

Congress, in passing the 1996 amendments to the Act, declared its intent to promote competition and to encourage the deployment of new telecommunications technologies. As part of its efforts to further these goals, it envisioned multiple ETCs in the same market and found that ETC service areas should be defined in a manner that removes obstacles to competitive entry. 47 U.S.C. § 214(e) (2), (e) (5).

Section 54.207(c)(1) of the Commission's rules sets forth procedures for the Commission's consideration of state commission-proposed redefinitions of a rural telephone company's service area that differ from the company's study area. A state commission or other party seeking the Commission's agreement in redefining a service area served by a rural telephone company must submit a petition to the Commission containing:

1. the definition proposed by the state commission, and
2. the state commission's ruling or official statement setting forth the reasons for the proposed definition.

47 C.F.R. § 54.207(c)(1). These two elements are discussed in more detail below.

In the Centennial ETC Ruling, the Indiana Commission granted Centennial's request to classify each individual wire center of the Indiana RLECs as a separate service area.<sup>6</sup> As rural telephone companies, the Indiana RLECs' service areas are presently the same as their study areas for purposes of determining federal universal service obligations and support mechanisms. Redefining the Indiana RLECs service areas on a wire-center-by-wire center basis will allow the Indiana Commission the greatest flexibility in granting Centennial, and any future ETC applicants, ETC status only in the particular wire centers served by the applicants.

Section 54.207(c)(1) of the Commission's rules also requires the Indiana Commission to make an official statement setting forth the reasons for the proposed definition, including an analysis that takes into account the Federal-State Joint Board recommendations with respect to the definition of a service area served by a rural telephone company. The Indiana Commission found that Centennial's designated ETC service area satisfies applicable federal and state requirements and concluded that redefining the service areas of the Indiana RLECs at the wire center level is appropriate. In designating competitive ETCs, the Joint Board has recommended that federal and state regulators consider whether the ETC applicant may attempt to solicit and serve only in the high density, low cost areas of a rural telephone company's study area (referred to as "cream skimming"). In reviewing Centennial's request for ETC designation, the Indiana Commission specifically found that Centennial is not "cream skimming" or picking and choosing the "lowest cost exchanges" of the Indiana RLECs.<sup>7</sup> Moreover, Centennial has committed to serving the entirety of its licensed service area as an ETC. Thus, there is no real potential for Centennial to serve only low-cost areas. Finally, the Indiana Commission imposed, as part of its public interest analysis, certain reporting

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<sup>6</sup> *Id.* at 24.

<sup>7</sup> *Id.*

requirements to ensure that Centennial will advertise and make service available throughout the entirety of its licensed service area.<sup>8</sup> These safeguards, coupled with the fact that the possibility for cream skimming is almost non-existent, demonstrate that the Commission need not be concerned that the redefinition of the Indiana RLECs' study areas will result in Centennial cream skimming the low-cost areas.

The Joint Board also recommended considering the special status of a rural telephone company conferred by the Act. For example, the Indiana RLECs are entitled certain statutory exemptions, such as being exempt from interconnection, unbundling and resale requirements normally applicable to ILECs. Centennial notes, however, that these exemptions will remain in effect even if the Indiana RLECs' service areas are redefined. Nor would the redefinition of the Indiana RLECs' service areas reduce the careful consideration, including a determination of public interest, which the Indiana Commission must give to any competitive provider application for ETC status in the RLECs' service areas. The Indiana Commission's careful consideration of the FCC's public interest factors in ultimately determining that granting Centennial ETC status in the areas served by the Indiana RLECs and other rural ILECs in Indiana can be applied to future ETC applicants, regardless of the outcome of this redefinition petition.

Finally, the Joint Board recommended that the Commission and the states consider whether rural telephone companies would face an undue administrative burden as a result of the proposed redefinition. The Indiana RLECs will suffer no such burden as a result of this redefinition. Centennial's proposal to redefine the service areas at the wire center level is made solely for ETC designation purposes. Defining service areas in this manner will in no way affect the way the Indiana RLECs calculate their costs and it is only to allow Centennial to serve only those areas for

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<sup>8</sup> *Id.* at 28-29.

which it is licensed, and to allow future competitive ETCs to receive high-cost support in the areas they serve in the same manner as the Indiana RLECs. The Indiana RLECs may continue to calculate costs and submit data for purposes of collecting high-cost support in the same manner as it they do now.

In summary, the concerns raised by the Joint Board do not preclude the redefinition of the Indiana RLECs' service areas from their current study areas to separate service areas comprised of individual wire centers.

### **CONCLUSION**

This petition complies with 47 C.F.R. § 54.207(c)(1) by providing a proposed definition of the Indiana RLECs' service areas, providing the Indiana Commission's rationale therefore and considering the Joint Board's recommendations. Centennial requests that the Commission act expeditiously to approve the redefinition of the Indiana RLECs' service areas in Indiana as multiple service areas, each consisting of an individual wire center.

Respectfully submitted,

**South Bend Metronet, Inc.  
Centennial Randolph Cellular LLC  
Mega Comm LLC  
Centennial Cellular Tri-State Operating Partnership**

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William Roughton  
Vice President, Legal Regulatory Affairs  
Centennial Communications Corp.

February 8, 2005



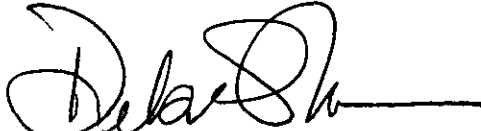
## CERTIFICATE OF SERVICE

I, Debra Sloan, hereby certify that on this 8<sup>th</sup> day of February, 2005, I caused a copy of the foregoing *Petition For FCC Agreement in Redefining The Service Areas of Tri-County Telephone Company, Hancock Rural Telephone Corp., Centurytel of Central Indiana, Inc., Smithville Telephone Company, Inc., and Northwestern Indiana Telephone Company, Inc.* to be sent via hand delivery(\*), or U.S. Mail to the following

Anita Cheng\*  
Telecommunications Access Policy Division  
Wireline Competition Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Room 5-A422  
Washington, DC 20554

Nancy E. Manley, Secretary  
Indiana Utility Regulatory Commission  
Indiana Government Center South  
302 West Washington Street  
Suite E-306  
Indianapolis Indiana 46204

Jennifer Richardson  
Indiana Utility Regulatory Commission  
Indiana Government Center South  
302 West Washington Street  
Suite E-306  
Indianapolis Indiana 46204

  
Debra Sloan

# **EXHIBIT A**

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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IN THE MATTER OF CENTENNIAL )  
CELLULAR TRI-STATE OPERATING )  
PARTNERSHIP; CENTENNIAL )  
RANDOLPH CELLULAR LLC; )  
ELKHART METRONET, INC.; MEGA )  
COMM LLC; MICHIANA METRONET, INC.; )  
AND SOUTH BEND METRONET, INC. )  
APPLICATION FOR DESIGNATION AS )  
ELIGIBLE TELECOMMUNICATIONS )  
CARRIERS PURSUANT TO SECTION 214(e)(6) )  
OF THE COMMUNICATIONS ACT OF 1934 )

CAUSE NO. 41052-ETC 46

APPROVED: DEC 15 2004

**BY THE COMMISSION:**

David E. Ziegner, Commissioner

Lorraine Hitz-Bradley, Administrative Law Judge

On April 6, 2004, Centennial Cellular Tri-State Operating Partnership, Centennial Randolph Cellular LLC, Elkhart Metronet, Inc., Mega Comm LLC, Michiana Metronet, Inc. and South Bend Metronet, Inc. (collectively, "Petitioner" or "Centennial") filed its Renewed Application for Designation as Eligible Telecommunications Carriers ("Renewed Application") with the Indiana Utility Regulatory Commission ("Commission.") By its Renewed Application, Centennial seeks designation as an "eligible telecommunications carrier" ("ETC") pursuant to 47 U.S.C. §214(e), so that it may receive federal universal service support.

Pursuant to notice and as provided for in 170 I.A.C. 1-1.1-15, a Prehearing Conference in this cause was held in Room TC10 of the Indiana Government Center South, Indianapolis, Indiana at 10:00 a.m. on May 8, 2004. Proofs of publication of the notice of Prehearing Conference have been incorporated into the record and placed in the official files of the Commission. Centennial and the Indiana Office of Utility Consumer Counselor ("OUCC") appeared and participated at the Prehearing Conference. No members of the general public appeared at the Prehearing Conference.

On May 26, 2004, the Commission issued its Prehearing Conference Order memorializing the procedural schedule and other matters addressed at the Prehearing Conference. The Presiding Officers established the procedural schedule for prefilng testimony in this Cause and set a date for a final Evidentiary Hearing in this Cause.<sup>1</sup>

<sup>1</sup> Pursuant to the OUCC's *Motion for Extension of Time to Prefile Testimony* filed on June 17, 2004, the procedural schedule established at the Prehearing Conference was modified to provide the OUCC and any Intervenor until July 9, 2004 to prefile their testimony in this cause. See, *Commission's June 21, 2004 docket entry granting the OUCC's motion.*

On June 15, 2004 and July 12, 2004, the Commission issued data requests in two separate docket entries seeking various information and documents from Centennial. Centennial filed its non-confidential response to the Commission's June 15, 2004 data requests on July 6, 2004 and served its confidential response on the Commission on July 19, 2004.<sup>2</sup> Centennial filed its response to the Commission's July 12, 2004 data requests on July 20, 2004.

Pursuant to notice duly given as provided by law, an evidentiary hearing in this cause was held in Room E306 of the Indiana Government Center South, Indianapolis, Indiana at 9:30 a.m. on July 26, 2004. Proofs of publication of the notice of the evidentiary hearing have been incorporated into the record and placed in the official files of the Commission. Prior to the evidentiary hearing, the Indiana Exchange Carrier Association ("INECA") petitioned to intervene in the cause, which petition the Presiding Officers granted. Centennial, the OUCC and INECA appeared and participated at the evidentiary hearing. No members of the general public appeared or otherwise sought to testify at the evidentiary hearing.

Pursuant to the schedule for post-hearing submissions established at the July 26, 2004 evidentiary hearing, Centennial submitted its Proposed Order and Notice of Omitted Exchanges with the Commission on August 27, 2004 ("Proposed Order Filing.") As part of its Proposed Order Filing, Centennial notified the Commission of its inadvertent omission from Centennial's original Exhibits E and E-1 of five rural exchanges, specifically the Burrows, Deer Creek, Yeoman, Roselawn, and Buffalo exchanges. Centennial explained the circumstances surrounding its inadvertent omission of these five exchanges and proposed, among other things, to submit late-filed exhibits identifying the omitted exchanges and affirming that all of Centennial's commitments concerning service, coverage, etc. would fully apply to those five omitted exchanges.

The OUCC and INECA submitted responsive filings to Centennial's Proposed Order Filing. In its responsive filing, the OUCC raised a concern that by permitting Centennial to submit revised Exhibits E and E-1 into the record as late-filed exhibits, statutory and public notice requirements may not be satisfied. INECA raised in its responsive filing an objection to Centennial's certification as an ETC in certain exchanges which would result in the so-called "splitting" of certain exchanges, since Centennial's FCC licenses do not fully encompass the entirety of certain exchanges.

On September 15, 2004, the Presiding Officers issued a docket entry re-opening the administrative record of this proceeding for the purpose of taking additional evidence, pursuant to 170 I.A.C. 1-1.1-22(d). The Presiding Officers specifically requested the parties to submit additional, relevant evidence addressing the following two issues: (a) whether or not Centennial should be granted the right to add the five requested exchanges to its Renewed Application; and

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<sup>2</sup> Centennial filed on July 6, 2004 a verified request seeking confidential protection for the confidential portions of its response to the Commission's June 15, 2004 data requests, which the Commission granted on a preliminary basis pursuant to a July 8, 2004 docket entry issued in this cause. The Commission's July 8, 2004 docket entry also granted confidential protection on a preliminary basis for Exhibits F-1, F-2, and G to the direct testimony of Jeffrey L. Shively, which Centennial had requested pursuant to a separate verified request seeking confidential treatment of these exhibits filed with the Commission on May 21, 2004. The Commission hereby finds that both of Centennial's requests for confidential treatment should continue on an on-going basis.

(b) whether or not Centennial should be granted the opportunity, presuming ETC designation, to split wire centers/exchanges without prior definition of a service area by the FCC and/or this Commission. *See, September 15, 2004 Docket Entry.* The Presiding Officers established an October 8, 2004 prefilng testimony date and further established a second evidentiary hearing date for the purpose of admitting such additional evidence into the record of this proceeding.

Pursuant to notice duly given as provided by law, a second evidentiary hearing was held in this cause in Room E306 of the Indiana Government Center South, Indianapolis, Indiana at 10:00 a.m. on November 3, 2004. Proofs of publication of the notice of the evidentiary hearing have been incorporated into the record and placed in the official files of the Commission. Centennial, the OUCC, and INECA all appeared and participated at the second evidentiary hearing. No members of the general public appeared at the evidentiary hearing.

The Commission, having examined all of the evidence of record and being duly advised in the premises, now finds:

1. **Notice of Jurisdiction.** Proper, legal and timely notice of the hearings in this cause was given and published by the Commission as provided for by law. The proofs of publication of the notices of the hearings have been incorporated into the official files of the Commission. Pursuant to the Telecommunications Act of 1996 ("TA-96"), 47 C.F.R. 54.201, 47 C.F.R. 54.203 of the Federal Communications Communication's ("FCC") rules, and I.C. 8-1-2-1, this Commission is authorized to designate ETCs, thereby enabling those so designated to apply for federal universal service support under 47 U.S.C. §254. The Commission therefore has jurisdiction over the parties and subject matter of this cause.

2. **Relevant Prior Proceedings.** On April 2, 2003, Centennial filed its first application to be designated as an ETC with the Commission which was docketed under Cause No. 41052-ETC-45 (or "Centennial's First Case"). At the same time the Commission considered Centennial's first ETC request, the Commission entertained another pending application (Cause No. 41052-ETC-43 or "Nextel's Case") in which Nextel Partners, another wireless carrier, sought designation as a competitive ETC in non-rural and rural areas of Indiana. Centennial's initial ETC application was heard, on July 22, 2003, and Nextel Partners' application was heard two months later, on October 2, 2003.

On March 17, 2004, the Commission issued separate orders in Centennial's First Case and Nextel's Case, wherein it denied Centennial's request for designation as an ETC and granted Nextel Partners' request for ETC designation.<sup>3</sup> The Commission found that both applications presented a question of first impression in Indiana regarding the "public interest" evidentiary showing required of an additional competitive ETC applicant. The Commission acknowledged the novel issue raised by both Centennial's and Nextel's applications when it stated:

Until now, this Commission has not been called upon to interpret or apply the above "public interest" test to any requests for designation as an additional ETC

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<sup>3</sup> The Commission's March 17, 2004 Order issued in Centennial's First Case is hereinafter referred to as "Centennial Order" and the Commission's March 17, 2004 Order issued in Nextel's Case is hereinafter referred to as "Nextel Order."

in rural service areas. This issue has not been specifically addressed in orders issued in prior generic proceedings before this Commission or in prior carrier-specific requests for designation as ETCs in the various sub-dockets of Cause No. 41052. Accordingly, this is a case of first impression in Indiana.

*Centennial Order*, p. 5

The Commission answered this question of first impression by enumerating the specific factors it took into account in making its "public interest" determination with respect to both ETC applications, thereby providing a road map of the evidence needed to support designation as an additional ETC in rural areas. The primary difference in the Commission's treatment of Centennial's and Nextel Partners' ETC applications was the Commission's finding that Centennial had failed to provide the specific, detailed evidentiary presentation supporting a favorable "public interest" determination recently prescribed by the Commission in the Nextel Case.

Centennial provided a two-fold response to the Commission's denial of its first ETC application. Centennial filed both a petition seeking rehearing and reconsideration in Cause No. 41052-ETC-45 and a new or renewed application initiating this proceeding, which sought virtually the same relief. Centennial eventually filed on May 28, 2004 a motion to hold its Petition for Rehearing in abeyance under Cause No. 41052-ETC-45 and ultimately dismissed its Petition for Rehearing at the July 26, 2004 evidentiary hearing. (TR. 9.)

3. **Petitioner's Characteristics.** Centennial is a commercial mobile radio service ("CMRS") provider, and a common carrier as defined by 47 U.S.C. §153(10) and 47 C.F.R. 20.9(a)(7). Centennial is also an authorized CMRS provider in the State of Indiana where it holds FCC licenses for non-wireline cellular service markets covering thirty-seven (37) Indiana counties. Centennial holds FCC licenses for the non-wireline cellular service markets designated as Indiana RSAs 1-4, the Fort Wayne MSA, Kokomo MSA, South Bend MSA, Elkhart-Goshen MSA, and the following counties: Adams, Allen, Blackford, Carroll, Cass, Clinton, Dekalb, Elkhart, Fayette, Franklin, Fulton, Grant, Henry, Howard, Huntington, Jasper, Jay, Kosciusko, LaGrange, LaPorte, Marshall, Miami, Newton, Noble, Pulaski, Randolph, Rush, St. Joseph, Starke, Steuben, Tipton, Union, Wabash, Wayne, Wells, White, and Whitley. Centennial currently has over 275,000 customers in Indiana, with the greatest concentration of customers located in the northern and eastern parts of the state.

4. **Requirements for ETC Designation.** In Cause No. 40785, this Commission adopted the FCC's original ETC eligibility requirements for designation of ETCs in the State of Indiana. Accordingly, each Indiana ETC receiving federal universal service support is required by FCC Rule 54.101(b) to offer the following nine universal services or functionalities, which are described more fully in Rule 54.101(a):

- a. Voice grade access to the public switched network;
- b. Local usage;
- c. Dual tone multi-frequency signaling or an equivalent;
- d. Single-party service or its functional equivalent;
- e. Access to emergency services;

- f. Access to operator services;
- g. Access to interexchange service;
- h. Access to directory assistance;
- i. Toll limitation for qualifying low-income customers.

In addition to offering the above services, ETCs are required by FCC Rules 54.405 and 54.411 to offer qualifying low-income customers both "Lifeline" and "Link Up" programs as a condition precedent to receiving federal universal service support. FCC Rule 54.201(d)(2) also requires ETCs receiving federal universal service support to publicize the availability of and charges for the nine universal services and the Lifeline and Link Up programs, using media of general distribution. Pursuant to this Commission's November 5, 1997 Order in Cause No. 40785, carriers seeking ETC designation in Indiana must also file proposed Lifeline/Link Up tariffs and boundary maps depicting the areas for which ETC designation is sought.

Finally, because Centennial's request is a request to be designated as an additional ETC in rural service areas in Indiana, this Commission must also determine whether the public interest would be served by designating more than one ETC in the specified rural service areas. TA-96 provides that an application for additional ETC status in a rural service area must satisfy a public interest test. Specifically, TA-96 provides that:

[U]pon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of Paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest.

47 U.S.C. §214(e)(2).

## **5. Evidentiary Hearings**

### **A. Motions Granted at the July 26, 2004 Evidentiary Hearing.**

At the commencement of the July 26, 2004 evidentiary hearing, the Presiding Officers addressed several pending motions. The Presiding Officers first granted without objection Centennial's *Verified Motion for Admission Pro Hac Vice* filed on July 23, 2004 seeking the admission of Chris Savage as counsel for Centennial in this cause. (TR. 3.) The Presiding Officers next granted without objection Centennial's *Motion to Supplement the Testimony of Jeffrey L. Shively*, incorporating Centennial's revised, updated version of its illustrative Lifeline/Link Up tariff, filed with the Commission on July 19, 2004. (TR. 5.) The Presiding Officers next granted in part Centennial's *Motion to Take Administrative Notice*, filed with the Commission on July 22, 2004. (TR. 5-6.) The Presiding Officers took administrative notice of Centennial's Renewed Application and Centennial's high-cost certification filings in Cause No.

42067-HLS-46, but declined to take further administrative notice of Centennial's responses to the Commission's data requests, on the grounds that the Commission's data requests and Centennial's responses thereto were already part of the administrative record. (TR. 6.)

**B. Summary of Evidence Presented at the July 26, 2004 Hearing.**

The evidence offered and admitted into the record on behalf of Centennial included Centennial's Exhibit 1 consisting of the *Prefiled Direct Testimony of Jeffrey L. Shively* dated May 21, 2004 and all exhibits attached thereto; Centennial's Exhibit 1-A consisting of Centennial's revised, updated Lifeline/Link Up illustrative tariff which supplanted Exhibit E originally attached to Mr. Shively's direct testimony; and Centennial's Exhibit 2 consisting of Centennial's responses to the OUCC's data requests served in this proceeding as well as Centennial first ETC proceeding, Cause No. 41052-45, which was entered into the record by agreement of the parties. Centennial's witness Jeffrey L. Shively was cross-examined by the OUCC and INECA. Mr. Shively also answered questions from the Presiding Officers. The OUCC and INECA did not submit any exhibits or offer any testimony into the record<sup>4</sup>.

**C. Centennial's Late-Filed Exhibit.**

In response to questions raised at the July 26, 2004 evidentiary hearing, Centennial filed with the consent and agreement of all parties Centennial's Late-Filed Exhibit 3 on August 3, 2004 consisting of a copy of the FCC's decision *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an [ETC]*, FCC 03-338 (released January 29, 2004) ("*Virginia Cellular Decision*").

**D. Summary of Evidence Presented at the November 3, 2004 Hearing.**

The evidence offered and admitted into the record on behalf of Centennial at the second evidentiary hearing included Centennial's Exhibit 4 consisting of the *Supplemental Testimony of Jeffrey L. Shively* prefiled with the Commission on October 8, 2004 and all exhibits attached thereto; Centennial's Exhibit 5 consisting of Centennial's October 29, 2004 letter to the OUCC clarifying perceived discrepancies concerning the number of "split" exchanges arising from Centennial's proposed ETC service area; and Centennial's Exhibit 6 consisting of a copy of the FCC's decision *In the Matter of Federal-State Joint Board on Universal Service, Advantage Cellular Systems, Inc., Petition for Designation as an ETC in the State of Tennessee* (released October 22, 2004) ("*Advantage Cellular Decision*."). Centennial's witness Jeffrey L. Shively sponsored the submission of Centennial's Exhibits 4 through 6 into the record, and was subjected to limited cross-examination by the OUCC and INECA. Mr. Shively also answered questions from the Presiding Officers.

Pursuant to stipulation by the parties, the OUCC offered and admitted into the record Public's Exhibit 1 consisting of the *Prefiled Testimony of Ronald L. Keen* filed with the Commission on October 8, 2004, with the qualification that Centennial's Exhibit 5 answered and resolved any concerns or discrepancies with the number or identification of "split" exchanges noted in Mr. Keen's October 8, 2004 prefiled testimony. INECA did not offer any exhibits, testimony, or evidence into the record at the November 3, 2004 evidentiary hearing.

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<sup>4</sup> The OUCC filed its *Notice of Intent Not to File Testimony* in this cause on July 9, 2004.



**E. Centennial's Renewed Application.**

The Commission took administrative notice of Centennial's Renewed Application, and made it part of the record of this proceeding. Through its Renewed Application, Centennial presented the Commission with specific information and data tailored to satisfy each of the factors laid out by the Commission as part of the evidentiary "road map" applicants must satisfy for designation as an ETC in Indiana. Such information and data included the following:

Centennial's Renewed Application identified the number of customers to which Centennial provides wireless telecommunications service in rural and metropolitan areas in Indiana, throughout thirty-seven (37) counties. Centennial provided a corporate overview of Centennial Communications Corp., its various operating subsidiaries seeking ETC designation in this cause, and identified the officers and directors of Centennial Communications Corp. and its various operating entities.<sup>5</sup>

Centennial also stated in its Renewed Application that it is financially qualified and committed to making the necessary investments to provide high quality telecommunications services throughout its Indiana service areas. Centennial also stated that as an FCC licensee it has been deemed financially qualified to provide the services authorized under its cellular licenses.

Centennial's Renewed Application further stated that Centennial has the experience in the telecommunications and wireless business to be designated as an ETC in Indiana, including experienced personnel who have worked to build Centennial's network infrastructure and to develop its service offerings. Centennial attached as Exhibit C to its Renewed Application a detailed biographical description of the key technical and managerial personnel of Centennial's Indiana operations.

Centennial's Renewed Application also stated that Centennial meets the FCC's service offering requirements necessary for designation as an ETC. Centennial attached a separate certification to its Renewed Application demonstrating that Centennial provides eight of the nine universal services or functionalities required by 47 C.F.R. 54.101(a), and that it will provide the ninth, toll limitation, upon receipt of ETC designation. Centennial also stated that it will provide Lifeline/Link Up discounts to qualifying low-income customers as required by 47 C.F.R. 54.201(d) and 54.411 upon receipt of ETC designation. Centennial stated that it will advertise the availability of its Lifeline/Link Up programs in accordance with federal law, and that it would file a description of its low income assistance telephone service programs with the Commission.

Centennial attached Exhibits E and E-1 to its Renewed Application, which identified the specific exchanges/wire centers located within the study areas of the rural local exchange carriers ("RLECs") for which Centennial seeks ETC designation.<sup>6</sup> Centennial seeks ETC designation on

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<sup>5</sup> Some of the information and data contained within Centennial's Renewed Application was restated in the direct testimony of Jeffrey L. Shively. See, *infra* Section 5E summarizing the direct testimony of Jeffrey L. Shively.

<sup>6</sup> Centennial subsequently submitted, through Mr. Shively's supplemental testimony prefiled on October 8, 2004, Revised Exhibit E and Revised Exhibit E-1 clarifying the geographic area of its proposed ETC service area. See, *discussion infra*, Section 5H.

an exchange/wire center basis for those rural local exchange areas specifically identified in Exhibit E because, as a wireless carrier, it is permitted to provide services only in its FCC-licensed areas, which are not based on the study areas of the RLECs, and may include only parts of the RLECs' study areas.

Centennial's Renewed Application also stated that designation of Centennial as an ETC would serve the public interest in Indiana by increasing competitive choice, provide consumers lower prices, encourage carriers to improve services and expand product offerings, and enable Centennial to more quickly deploy more technologically advanced products.

Centennial's Renewed Application explained that Centennial will use all USF funds for the purpose of meeting specific network needs for the provision, maintenance, and upgrading of facilities and services in the areas within Indiana where it is seeking ETC designation and will separately track and account for its use of USF funds received as a result of its designation as an ETC. Centennial's Renewed Application also stated that Centennial commits to provide reports to the Commission detailing its progress in the development and expansion of its network and services and to work with the Commission with respect to Centennial's provision of ETC services.

Centennial incorporated its high-cost certification as an exhibit to its Renewed Application, in which it certified to the Commission that all high-cost support provided to Centennial as a result of its ETC designation in this cause will be used only for the provision, maintenance, and upgrading of facilities and services for which federal universal service high cost support is intended, pursuant to Section 254(e) of TA-96.

**F. Centennial's Direct Testimony Presented by Witness Jeffrey L. Shively.**

At the evidentiary hearing, Centennial's witness, Jeffrey L. Shively, Vice President of Engineering at Centennial, sponsored his direct testimony pre-filed with the Commission on May 21, 2004 and Centennial's revised, updated Lifeline/Link Up tariff as his testimony and supplemental testimony in this proceeding. Mr. Shively was cross-examined by INECA and the OUCC and answered questions from the Presiding Officers.

Mr. Shively works out of Centennial's local Indiana office located at 5302 Constitution Drive, Fort Wayne, Indiana 46804. Mr. Shively's responsibilities with Centennial consist of providing a variety of engineering services for Centennial and its affiliates and subsidiaries. Mr. Shively's responsibilities include overseeing the maintenance, development, and upgrade of Centennial's network, facilities, and services. Mr. Shively explained that he has 31 years experience in the telecommunications industry, having spent the majority of his professional career with GTE Indiana and GTE Wireless (now Verizon Wireless.) A copy of Mr. Shively's resume was attached as Exhibit A to his direct testimony.

Mr. Shively identified other jurisdictions where Centennial's affiliates or operating subsidiaries have received ETC designation, including Puerto Rico, Mississippi, Michigan, and Louisiana. According to Mr. Shively's testimony, Centennial Puerto Rico Operations Corp. received ETC designation in Cause Nos. 97-US-0002 and 97-US-0003 on December 29, 1997. Centennial Tri-State Operating Partnership and Centennial Clairborne Cellular Corp received

ETC designation in Mississippi for non-rural areas in Docket No. 2003-UA-0234 on September 24, 2003 and for rural areas in Docket No. 2003-UA-0234 on April 7, 2004. Michiana Metronet, Inc., Centennial Michigan RSA 6 Cellular Corp., and Centennial Michigan RSA 7 Cellular Corp. received ETC designation in Michigan in Case No. U-13751 on September 11, 2003. Centennial Lafayette Communications, LLC; Centennial Beauregard Cellular, LLC; Centennial Hammond Cellular, LLC; Centennial Caldwell Cellular Corp.; and Centennial Morehouse Cellular, LLC received ETC designation for rural areas of Louisiana on May 12, 2004, effective as of January 14, 2004. He further explained that Centennial has been receiving funds from the federal USF as a result of its ETC designations in Puerto Rico, Michigan, and non-rural areas of Mississippi, but that it had not yet begun receiving federal USF funds as a result of its more recently received ETC designations rural Mississippi and Louisiana.

Mr. Shively provided information demonstrating that Centennial's network can provide each of the supported services required of an ETC, and that Centennial will offer all of those services to its universal service customers once designated an ETC. Mr. Shively testified that Centennial provides voice grade access to the public switched telephone network ("PSTN") by means of its various interconnection agreements with SBC Indiana, United Telephone Company of Indiana d/b/a Sprint, and Verizon North, Inc. Mr. Shively further testified that in some limited circumstances, such calls are transported pursuant to Centennial's transport services arrangement with its current long distance provider, QWEST. Mr. Shively explained that all of Centennial's service offerings in Indiana include some minimum local usage and attached a copy of Centennial's current rate plans for Indiana as Exhibit B to his testimony. Mr. Shively explained that Centennial currently uses out-of-band digital signaling and in-band multi-frequency ("MF") signaling that are functionally equivalent to DTMF signaling. Mr. Shively further explained that Centennial has the ability to pass DTMF signaling over its TDMA and GSM systems.

Continuing to address Centennial's provision of the supported services, Mr. Shively explained that Centennial provides a dedicated message path for the length of all customer calls and, consequently, satisfies the requirement that an ETC applicant provide single party service or its equivalent. He also testified that Centennial is E911 Phase I and Phase II compliant. According to Mr. Shively, Centennial has fully implemented Phase I E911 in Indiana and has deployed Phase II E911 where it has received valid requests from PSAPs. Mr. Shively explained that Centennial is working with the Indiana Enhanced Wireless 911 Board and Cost Recovery Group in coordinating Phase II E911 deployment. Mr. Shively attached to his testimony as Exhibits C and D, respectively, a copy of Centennial's Seventh Quarterly Report on Phase II E911 Compliance, filed May 3, 2004, and a copy of Centennial's Amended Report of E911 Reporting Requirements, filed September 9, 2002, which describe Centennial's use of the network-based solution offered by Grayson Wireless.

Mr. Shively further testified that Centennial provides all of its customers with access to operator services provided by either Centennial or an outside contractor, such as Verisign, which provides automated operator assistance services. According to Mr. Shively, Centennial customers can dial "O" and receive automated assistance to place a call with a credit card, calling card, or prepaid card, or to make a collect call. Centennial customers may also dial "611" and be connected to a representative at Centennial's call center, who can place calls for customers. He further testified that Centennial access to interexchange carriers by providing all

of its customers with the ability to make and receive interexchange or toll calls through direct interconnection arrangements Centennial has with one or more interexchange carriers ("IXCs.") Furthermore, Centennial's customers are able to reach their IXC of choice by dialing an appropriate access number provided by the IXC. Centennial customers may access directory assistance by dialing "411" or "xxx-555-1212," which results in a direct connection to Verisign, which presently provides this service to Centennial customers.

Mr. Shively explained that Centennial does not currently provide "toll limitation," but that Centennial will offer "toll limitation" to qualifying low income customers upon designation as an ETC by the Commission. As Mr. Shively explained, Centennial will provide toll blocking service by amending a requesting customer's profile in Centennial's switching equipment which will block toll calls attempted from the customer's phone.

Mr. Shively also testified that Centennial will provide Lifeline/Link Up services upon its designation as an ETC. Mr. Shively identified Centennial's Primary Service Area Calling Plan, which provides for 150 Anytime minutes to be used inside Centennial's Primary Service Area at a standard monthly rate of \$19.99, as the service offering it intends to promote to eligible Lifeline/Link Up customers.

Mr. Shively attached as Exhibit E to his direct testimony a copy of Centennial's illustrative tariff describing Centennial's proposed Lifeline/Link Up programs. He acknowledged in his direct testimony that Centennial anticipated revising its proposed Lifeline/Link Up programs and illustrative tariff to conform its offerings to the new customer eligibility and other requirements recently announced by the FCC *In the Matter of Lifeline and Link-Up, Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (Released April 29, 2004). Mr. Shively supplemented his direct testimony and incorporated as Revised Exhibit E to his direct testimony Centennial's revised Lifeline/Link Up illustrative tariff, which incorporated the changes reflected in the FCC's recent rule changes.<sup>7</sup> Mr. Shively also confirmed in his direct testimony that Centennial would file and maintain Lifeline/Link Up tariffs with the Commission once it receives ETC designation in Indiana.

Mr. Shively further testified that Centennial will advertise the availability of the supported services in Indiana using media of general distribution, including television, radio, newspaper, the yellow pages and the Internet, and as otherwise required by 47 U.S.C. 214(e)(1) and 47 C.F.R. 54.201(d). He explained that Centennial intends to advertise the availability of the supported services and the corresponding charges within its designated ETC service area in a manner that will fully inform the general public of the available offerings. Mr. Shively emphasized that Centennial will advertise its proposed Lifeline/Link Up programs through newspaper advertising, explanatory written materials at Centennial's retail stores, and by posting information on the Universal Service Administrative Company ("USAC") sponsored public

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<sup>7</sup> On July 19, 2004, Centennial filed a *Motion to Supplement the Testimony of Jeffrey L. Shively* seeking to incorporate Centennial's revised, updated illustrative Lifeline/Link Up tariff. The Commission granted Centennial's motion at the July 26, 2004 evidentiary hearing and Centennial's Revised Exhibit E was entered into the record as part of Mr. Shively's testimony.

access website. Mr. Shively also indicated that Centennial will comply with all form and content requirements, if any, adopted by the FCC or the Commission in the future required of all ETCs.

Mr. Shively further testified as to the geographic scope of Centennial's proposed ETC service territory. He explained that Centennial seeks designation as an ETC in specific exchanges or wire centers within the study areas of the rural local exchange carriers identified in Exhibit E attached to Centennial's Renewed Application<sup>8</sup> because Centennial is permitted to serve only its FCC-licensed areas, which are not based on the study areas of the RLECS, and sometimes include only parts of the underlying RLECs' study areas. However, Mr. Shively emphasized that Centennial seeks designation as an ETC in all areas in which it is currently licensed to provide service in Indiana.

Mr. Shively next explained his conclusion that Centennial's request for ETC designation was in the "public interest." He testified that because Centennial is seeking to be designated as an additional, competitive ETC in rural service areas in Indiana, the Commission must also find that the public interest would be served by designating Centennial as an ETC in those rural areas where it seeks designation. He then referenced the "public interest" analysis adopted by the Commission in the *Centennial Order* and *Nextel Order* which, in his words, provided a specific template or "road map" of the evidence necessary to show that the public interest would be served by granting Centennial's request for designation as an ETC. Mr. Shively stated that he was aware of the "public interest" factors and commitments enumerated by the FCC in *Virginia Cellular* and adopted by the Commission in its *Centennial Order* and *Nextel Order* and believed that Centennial's evidence satisfied the "public interest" analysis adopted by the Commission and the FCC.

Mr. Shively stated that designation of competitive ETCs like Centennial promotes competition and benefits consumers in rural, high-cost areas by increasing customer choice, innovative services, and new technologies and by lowering prices. In addition to the benefits of competition, he noted advantages Centennial's wireless service offering provides rural Indiana consumers. According to Mr. Shively, such advantages include, but are not limited to, the following:

- a. Centennial's service offers mobility, which assists consumers in rural areas who often must drive significant distances to places of employment, stores, schools and other critical community locations.
- b. Centennial's service offers safety – the ability to always find someone you are trying to contact. This is especially important for parents who want to know they can always contact their children.
- c. Centennial's service offers local and long distance all on one bill with large buckets of minutes included in the rate plan. Centennial also offers nationwide

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<sup>8</sup> Centennial's original Exhibits E and E-1 attached to its Renewed Application were subsequently supplanted by Centennial's Revised Exhibit E and Revised Exhibit E-1 attached to Mr. Shively's supplemental testimony prefiled with the Commission on October 8, 2004.

rate plans which allow customers to use their Centennial telephone throughout much of the country.

- d. Centennial offers a variety of options including free incoming calls, free nights and weekends, free long distance and free Centennial mobile to Centennial mobile calls.
- e. Centennial already offers number portability in Fort Wayne, Indiana in accordance with FCC requirements, and will offer number portability in all other areas by May 24, 2004. This will give customers the ability to keep their phone number when they switch carriers. This increases customer choice and will cause carriers to increase customer service to ensure they keep their customers satisfied.
- f. Centennial generally offers larger local calling areas than the landline local telephone companies against which it competes. Consequently, Centennial's customers are generally subject to fewer toll charges.
- g. Technology that Centennial has deployed and will deploy will give customers the ability to access the Internet from their wireless phones, to obtain stock quotes, weather reports and other useful information.

According to Mr. Shively, the only disadvantage he could see in Centennial's service offering is that Centennial's service coverage area contains "gaps" or "dead spots," which are limited portions of its service area that are subject to dropped calls or where phones may not have service. He explained that "gaps" or "dead spots" within a wireless carrier's service area are typical with wireless technology and service. Mr. Shively committed in his testimony that Centennial would remedy the "gaps" or "dead spots" associated with its service in the rural areas where it seeks designation as an ETC in Indiana. Mr. Shively concluded his discussion of the disadvantages associated with its service offering by stating his opinion that the existence of any "gaps" or "dead spots" in Centennial's service area should not serve as a basis for denying Centennial's request for designation as an ETC, especially where Centennial has committed to remedying such "gaps" or "dead spots."

Mr. Shively next described Centennial's review of its existing network, facilities, and service offerings, including the existence of any network infirmities, "dead spots," or "gaps" within Centennial's proposed ETC designated service area. He identified seven prospective new cell sites that Centennial proposes to construct using USF funds, to improve service coverage in the sparsely populated rural areas where Centennial seeks designation as an ETC. Mr. Shively stated that the seven new cells are positioned to cover the largest population centers in the unserved rural areas in Centennial's proposed ETC designated service area.

Mr. Shively attached as Exhibits F-1 and F-2 to his testimony maps depicting Centennial's existing network and the "gaps" or "dead spots" existing therein. Mr. Shively also attached as Exhibit G to his testimony a list identifying Centennial's proposed seven new cell

site locations which Centennial proposes to construct/install with USF funds.<sup>9</sup> However, Mr. Shively confirmed in his testimony that its existing network was consistent with FCC guidelines for ETCs and that most, if not all, of the "gaps" or "dead spots" identified in its proposed ETC service area would be remedied by construction of the seven proposed new cell sites. Mr. Shively explained that of the seven proposed cell sites, six are located within the boundaries of an ETC area where improvement is intended. Consequently, a high level of service will be provided in those ETC areas in the vicinities of the new towers ensuring that the signal is brought up to the indicated criteria.<sup>10</sup> The seventh (Burrows) is immediately adjacent to an irregularly shaped ETC area. The existing tower chosen as the intended location for this cell will allow fast service introduction and its location is intended to improve service in parts of that ETC area where present signal levels are lower than chosen criteria.

Mr. Shively testified that the proposed seven new cell sites are sites that would not be built, but for USF funding. (TR. 39.) As Mr. Shively explained, Centennial maintains a list of potential new cell site locations that Centennial would like to add to its network. Centennial's list currently consists of five or six pages and identifies over 173 potential sites. (TR. 56.) However, due to limited resources, Centennial has to prioritize each year which, if any, additional cell sites will be added to its network. This means that most of the cell sites identified in the list never come to fruition, as lower priority sites get bumped or passed over for higher priority sites. As Mr. Shively acknowledged at the hearing, "we've got sites that are on that list that have been there for six years, and they didn't even get considered this year." (TR. 61.)

Mr. Shively also explained how Centennial will address requests for service from customers who are located within Centennial's requested ETC-designated service area, but who are unable to receive service because they are outside of Centennial's existing coverage. While stating that the construction of the new cell sites discussed above would greatly mitigate this issue, Mr. Shively committed that Centennial would track and annually report the number of customers within Centennial's proposed ETC service area who request service from Centennial, but who are unable to receive service because they are outside Centennial's existing network coverage. With respect to such requests, Mr. Shively stated that Centennial would take the following steps: (1) evaluate whether the requesting customer's equipment can be modified or replaced to provide service; (2) evaluate whether adjustments can be made to the nearest cell site to provide service; (3) evaluate whether adjustments can be made to the existing network, including adding additional radios, additional electronics or other equipment; (4) evaluate whether there are any other adjustments that can be made to the network or customer facilities to provide service and (5) evaluate whether an additional cell site, cell extender or repeater can be deployed or can be constructed to provide service. Mr. Shively confirmed in his testimony that

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<sup>9</sup> Exhibits F-1, F-2, and G to the direct testimony of Jeffrey Shively were submitted into the record subject to confidential treatment and protection. *See, infra*.

<sup>10</sup> In his testimony presented at the evidentiary hearing, Mr. Shively explained what Centennial meant by "indicated" or "chosen" criteria. Mr. Shively stated: "What we're actually talking about doing is if you go back and look at those, we're trying to raise the signal level outside to a -81dbM, and then in addition to that, too, we're trying to raise the in-building penetration to a -76dbM. What that will do is it will give you good in-building penetration, so it will work inside and in your car driving in the area." (TR. 57.)

Centennial would report annually to the Commission the number of requests for service that go unfulfilled as described by the Commission in the *Nextel Order*.

Mr. Shively also described the amount of revenue that Centennial anticipates receiving from the USF fund, how Centennial intends to use such funds, and what, if any, impact its receipt of funds is anticipated to have on the federal USF. Mr. Shively estimated that Centennial will receive approximately \$1.2 million annually in connection with its designation as an ETC in Indiana. He explained that under the FCC rules, the amount of high-cost universal service support available to a competitive ETC is calculated by USAC. USAC multiplies the number of eligible lines a competitive ETC has in the high cost area by the amount of the RLEC per-line high cost universal support amount, which is determined based upon the RLEC's embedded costs, as calculated by USAC using investment and cost data that incumbent carriers submit to the National Exchange Carriers Association ("NECA"). Under the FCC rules, competitive ETCs receive the same per-line support as the incumbent carrier receives for the same area. Based upon the number of eligible lines Centennial anticipates in Indiana, USAC estimates that that Centennial will receive \$1.2 million annually from the federal USF fund.

Mr. Shively next described how Centennial intends to use the anticipated USF funds in Indiana. He testified that Centennial intends to construct at least four new cell tower sites and collocate its facilities and equipment on three existing cell tower sites with the funds it anticipates receiving from the USF. (TR. 35-37; 51-53.) Mr. Shively further testified that Centennial's annual investment in Indiana will exceed the amount of federal USF funds it anticipates receiving annually as a result of its designation as an ETC in Indiana. As Mr. Shively testified, "for every dollar of USF money to be received by Centennial, Centennial will more than match those dollars with its own financial investment in Indiana's telecommunications infrastructure." (Shively Testimony, p. 23.) Mr. Shively further committed in his testimony to using all funds received from federal USF for the limited purposes permitted for such funds, including the "provision, maintenance, and upgrading of facilities and services for which support is intended." (Shively Testimony, p. 23.)

Mr. Shively also committed in his testimony that Centennial would implement and maintain appropriate accounting protocols to track and account for its use of federal USF funds, provide reports to the Commission detailing its progress in the development and expansion of its network (all as described in the Commission's *Nextel Order*), and file and maintain a Lifeline/Link Up tariff with the Commission to ensure that Centennial is using USF funds in a manner consistent with the statutory mandate. He explained that Centennial has established protocols within its finance department to separately track the receipt and use of USF funds from USAC with respect to other states where Centennial has received ETC designation. Mr. Shively stated that Centennial will track USF expenditures separately from its non-USF funding expenditures to ensure that the funds received from USAC are only spent on relevant projects in Indiana. Separate and in addition to the Commission's annual high-costs certification filing under Cause Nos. 40785 and 42067, Mr. Shively committed that Centennial would submit records and documentation detailing its progress towards meeting its build-out plans and upgrading of service in the service areas it is designated as an ETC, all as previously specified by this Commission in the *Nextel Order*.



Mr. Shively further testified that Centennial will be able to serve the areas for which ETC status is sought within a reasonable time period. Mr. Shively testified that Centennial's system already provides service within most of the areas for which it seeks ETC designation, thus for those areas it will be able to offer the supported services immediately. For the areas where Centennial needs to expand its facilities in order to cover "gaps" or "dead spots," it will take a certain amount of time to plan and install the required facilities, including backhaul facilities connecting new cell sites back to Centennial's network, but Centennial will complete this work in a reasonable time after the effective date of its ETC support. Centennial expects to develop the seven new cell sites within one year of receiving ETC funds for Indiana.

Mr. Shively further provided assurances in his testimony that Centennial provides and will continue to provide quality service to its customers. He explained that Centennial takes great pride in providing high levels of customer service. In light of the tremendous competition in wireless markets, Mr. Shively stated that if wireless customers are dissatisfied with their service, they "vote with their feet." Mr. Shively stated that Centennial was one of the first wireless carriers to sign onto and adopt the CTIA Consumer Code for Wireless Service. While recognizing that a strict application of the Commission's current customer service and service quality standards would not be technologically neutral to wireless ETCs, Mr. Shively committed in his testimony that Centennial would provide quality service to its customers as a condition of its designation as an ETC. Mr. Shively also committed that Centennial would report consumer complaints to the Commission (as described in the Commission's *Nextel Order*.)

According to Mr. Shively, designation of Centennial as an ETC in Indiana will have a small impact on the federal USF fund. Mr. Shively stated that Centennial estimates receiving approximately \$1.2 million annually if granted ETC status in Indiana. Comparing that amount to the total federal USF disbursements for 2003 which were over \$6 billion, the impact of Centennial's anticipated disbursements of USF funds in Indiana is only a tiny, tiny fraction of the total value of the federal USF fund. As Mr. Shively calculated in his testimony, this figure is roughly two-one hundredths of one percent - 0.02%, which means that 99.98% of the fund disbursements would be unrelated to Centennial in Indiana.

**G. Jeffrey L. Shively Testimony on Cross-Examination by OUCC.**

During cross-examination by the OUCC, Mr. Shively explained how Centennial would respond as providers of last resort to requests for service from consumers located within the areas for which Centennial is seeking ETC designation in this proceeding. Mr. Shively testified that service would be promptly provided to all consumers within Centennial's existing coverage areas. He also testified that Centennial would make every reasonable effort to promptly extend service to consumers located inside Centennial's ETC service areas but outside the boundaries of existing service coverage. Mr. Shively further explained that the system improvements Centennial plans to make after receiving its requested ETC designations should significantly reduce, if not eliminate, the number of service requests Centennial is unable to meet due to current coverage limitations.

Mr. Shively acknowledged that Centennial will track the receipt and use of universal service funds by each of the 6 Centennial entities within their respective ETC service areas. He testified that Centennial would comply with any special accounting requirements imposed by the

Commission. Mr. Shively also confirmed that any universal service funding received by Centennial as an ETC would be used to extend the availability and improve the quality of universal service Centennial provides within its respective ETC service areas, enabling Centennial to provide quality service at affordable rates in all designated ETC service areas.

Mr. Shively acknowledged that Centennial has been given conditional ETC designations in other states. One such condition requires that Centennial affiliates and/or subsidiaries obtain FCC approval of different study areas where their wireless service areas do not perfectly match the underlying rural ILECs' study areas. Mr. Shively testified that such a condition would be acceptable to Centennial for the ETC designations requested in this proceeding.

Mr. Shively also confirmed that all of Centennial's proposed cell towers would be located within the State of Indiana and inside the ETC service areas for which Centennial seeks ETC designation.

**H. Jeffrey L. Shively Testimony Responding to Commission Questions.**

The Presiding Officers questioned Mr. Shively concerning Centennial's decisions to omit certain portions of its wireless service territory from the areas included in its request for ETC designation. Mr. Shively testified that the Centennial's proposed ETC service areas only included areas where Centennial needed to extend or improve its wireless service coverage. He explained that Centennial wants to use universal service funding to build out coverage to areas it otherwise could not economically serve due to existing coverage limitations.

Mr. Shively also testified that cost differences did not drive Centennial's decision regarding the area for which Centennial would seek ETC designation in Indiana. He explained that Centennial's service costs are pretty similar throughout the state. He also stated that the areas included in Centennial's ETC designation request have yielded the most consumer requests for expanded service availability or coverage.

Mr. Shively also testified that Centennial is committed to providing the broadest possible 911/E-911 coverage throughout their wireless service territories. He explained that Centennial is "Phase 2" E-911 compliant in all areas for which PSAPs have requested E-911 service capabilities. Centennial uses the "angle of arrival" tracking method (instead of using GPS), since that tracking method works with all types of cellular technology. He said that Centennial currently use TCS to route 911 calls to the correct PSAP, but indicated that it was recently approached about the possibility of participating in a state-run call routing program in Indiana.

Mr. Shively was asked to explain the method and arrangements for deploying the additional cell towers for which Centennial plans to use universal service funding if its ETC designation request is granted. Mr. Shively acknowledged that Centennial would attempt to reduce the cost of deploying new cell towers by partnering with other companies or renting collocation space to other companies if possible. He confirmed that Centennial would fully disclose such arrangements to the Commission for any projects involving universal service funding.